



C. Dukes Scott
Executive Director

STATE OF SOUTH CAROLINA
OFFICE OF REGULATORY STAFF

1401 Main Street
Suite 850
Columbia, SC 29201

December 29, 2016

Mr. Kevin Marsh
Chairman and Chief Executive Officer
SCANA Corporation
220 Operation Way
Mail Code: D302
Cayce, SC 29033-3701

Re: SCE&G Petition for Updates and Revisions to Schedules Related to the
Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South
Carolina - Docket No. 2016-223-E.

Dear Mr. Marsh,

I am writing to follow up on the production by SCE&G to ORS of the revised fully resource-loaded integrated project schedule ("Revised Project Schedule") and related information that is the result of the comprehensive review conducted earlier this year by Fluor after it was brought into the V.C. Summer project. ORS requested the production of this Revised Project Schedule early last spring and again during our review of SCE&G's application in Docket No. 2016-223-E. Although we were told initially that the Revised Project Schedule would be available to Westinghouse in the 3rd quarter of 2016¹, it was not.

Our interest in seeing the Revised Project Schedule has been intensified by recent events. ORS has been closely following news in financial publications regarding Toshiba Corporation ("Toshiba"), the parent company of Westinghouse Electric Company, LLC ("Westinghouse") which holds the Engineering, Procurement and Construction contract ("EPC Contract") for V.C. Summer Units 2 & 3 ("the Units" or "the Summer Project"). ORS is deeply concerned regarding statements in Toshiba's December 27, 2016 press release that indicate it is facing massive losses relating to the nuclear operations of Westinghouse².

ORS has had ongoing concerns regarding the project schedule since it was informed last spring that Fluor and Westinghouse were undertaking an effort to produce a revised fully resource-loaded Revised Project Schedule using Fluor's construction metrics. Now that Toshiba has announced significant

¹ In response to Question 1-33 of ORS's AIR dated March 4, 2015 regarding the October 2015 Amendment to the EPC Contract, SCE&G indicated that the target schedule for the completion of Fluor's Assessment and recommendations for changes to the schedule was the 3rd quarter of 2016.

² In particular, ORS is concerned regarding the statement that reads: "Currently, as the timing reaches the deadline (December 31, 2016) for the procedure, the possibility has been found that the goodwill will reach a level of several 100 billion yen or several billion US dollars, resulting in a negative impact on Toshiba's financial results, as a result of impairment of all or part of the goodwill."

charges to be written off against the Westinghouse nuclear operations, ORS's concerns about the status of the Summer Project are renewed and increased. These developments call into question the ability of Toshiba to stand behind the additional losses that may need to be incurred to complete the Units.

ORS has no direct authority over Westinghouse or Toshiba to compel the production of information relating to the Revised Project Schedule. However, ORS does have a relationship with SCE&G and has been promised by SCE&G that it will provide the Revised Project Schedule to ORS. The time has come for SCE&G to insist that Westinghouse produce the Revised Project Schedule, including Fluor's input, to SCE&G so that SCE&G can provide it to ORS. As reflected in paragraph 10 of the settlement agreement in Docket 2016-223-E, the Revised Project Schedule is critical to the preparation by SCE&G of revised milestones that are intended to guide the completion of the Units and to provide ORS a way of monitoring the progress of the project. It is imperative that ORS be provided with the Revised Project Schedule so that we can do our job in monitoring the project.

ORS believes that the only major project activity that could have resulted in Toshiba's announcement is Westinghouse's analysis of Fluor's input to the Revised Project Schedule. We are aware that Fluor's input has already been developed and reviewed by Westinghouse on-site management and we have been told that the Revised Project Schedule is currently under review by Westinghouse corporate management. During our December meetings with project personnel, ORS was informed that the Revised Project Schedule would not be available until at least late January or February 2017. In view of recent developments, this delay is unacceptable. Both SCE&G and ORS deserve to understand the schedule and budget risks identified by Fluor's review and the potential impacts these may have on the project. It is difficult for ORS to do our job, and for SCE&G to do its due diligence as an Owner, without timely access to this critical information regarding budget and schedule risks. We can no longer wait to learn the potential impacts of this Revised Project Schedule, and we need to be privy to the information developed by Fluor without the refinements and proposed mitigations that may result from Westinghouse corporate review.

Therefore, we ask that SCE&G request from Westinghouse the input provided by Fluor regarding the Revised Project Schedule immediately, including input regarding unit rates and labor man hours, and initiate all necessary actions to ensure that ORS is provided with this input by January 10, 2017. As soon as the entire Revised Project Schedule, including Westinghouse's input, is available, ORS requests that it be provided as well. This request is made pursuant to S.C. Code Ann. § 58-27-40, which requires each electrical utility to obey and comply with all requirements of every direction prescribed by the ORS in relation to any matter relating to or affecting the business of the electrical utility.

Sincerely,



C. Dukes Scott
Executive Director

Kevin B. Marsh
Chairman, President & CEO



January 18, 2017

Mr. Dukes Scott
Executive Director
Office of Regulatory Staff
1401 Main Street, Suite 850
Columbia, SC 29201

Dear Dukes,

Thanks for your letter dated December 29, 2016 regarding the recent announcement by Toshiba and Westinghouse of pending write-downs associated with the Summer and Vogtle AP1000 nuclear projects. I share your concerns regarding the impact of these write-downs and the delivery of the revised fully integrated construction schedule (the "revised schedule"). As we discussed, our SCANA team along with representatives of Santee Cooper met with Westinghouse and Toshiba in an effort to learn more about this situation and inquire about the delivery of the revised schedule we were expecting by the end of 2016. I also share your high level of interest in receiving the revised schedule as soon as possible.

I provided Westinghouse and Toshiba a copy of your letter to emphasize the importance of having access to the schedule as part of our commitment to keeping both the Office of Regulatory Staff and the Public Service Commission of SC updated on the status of the new nuclear project. Westinghouse and Toshiba have informed me that the revised schedule is a part of the financial review and evaluation of the pending write-downs associated with the AP1000 projects, and that they expect the revised schedule to be available at the time Toshiba releases its financial results in mid-February.

We continue to communicate with Westinghouse and Toshiba in order to monitor this situation as closely as possible and will update you accordingly.

Sincerely,

Kevin B. Marsh

KBM/pcr

Reconciliation of Consortium Provided EAC

55% in \$07 \$'s (\$000)

CONFIDENTIAL INFORMATION - Prepared Subject to Attorney client and work product privileges

	8/14 Consortium EAC-As Delivered	8/14 Consortium EAC-As Delivered	NND EAC Build-up (Based on 1.55 PF, .97 Indirect/Direct, .60 FNM/Direct)
Schedule Basis	Dec 2018 & Dec 2019	June 2019 & June 2020	June 2019 & June 2020
EAC Target and T&M	\$ 646,838	\$ 559,045	\$ 1,009,198
Cyber Security CO (Included in Above but Reported Separately)	\$ 18,816	\$ 18,816	
Site Layout CO (Included in Above but Reported Separately)	\$ 20,350	\$ 20,350	
EAC Entitled	\$ 71,899	\$ 71,899	
EAC Due to Delay and Inefficiencies - Expected Invoice Amount	\$ 535,773	\$ 447,981	\$ 937,299
EAC Due to Delay	\$ 240,014	\$ 192,442	\$ 259,301
EAC Due to Inefficiencies	\$ 295,759	\$ 255,539	\$ 677,998
EAC Due to Delay and Inefficiencies - Expected Invoice Amount	\$ 535,773	\$ 447,981	\$ 937,299
One option available to Owner:			
10% Withholding of Delay	\$ (24,001)	\$ (19,444)	\$ (25,972)
10% Withholding of Inefficiencies	\$ (29,576)	\$ (25,554)	\$ (67,800)
EAC Due to Delay and Inefficiencies-Cash out the Door	\$ 482,196	\$ 403,182	\$ 843,527
Cyber Security CO (T&M)	\$ 18,816	\$ 18,816	\$ 18,816
Site Layout CO (T&M)	\$ 20,350	\$ 20,350	\$ 20,350
EAC Entitled	\$ 71,899	\$ 71,899	\$ 71,899
Total EAC Portion of the EPC Filing	\$ 593,261	\$ 514,247	\$ 954,592
CO - Shield Buildings Expediting (Firm)	\$ 12,100	\$ 12,100	\$ 12,100
CO - Misc (Target, T&M, Firm)	\$ 3,363	\$ 3,363	\$ 3,363
Total EPC Filing Request (Target, T&M, Firm)	\$ 608,724	\$ 529,710	\$ 970,055

Currently, Owner is only withholding NonLabor costs directly attributable to the module delay is readily identifiable. See "Potential Steps to Influence Control of Target Price by the Contractor" document for project team recommendation.

CONFIDENTIAL INFORMATION - Prepared Subject to Attorney client and work product privileges

Per William 2/25/2015
@ 1:30pm - Kevin wants
\$ 529,710
+ 44,798
= 574,508
NNE License 38,500
Less LD's (85,525)
529,483

+ Owner's Cost

STB included to
but assumed to
be performance based
I.D.

2/24/2014
5:00 pm
Jent to
Belton

← Built by taking unearned
hours to go @ 1/31/2015 and
applying PF, Indirect & FNM
Ratio's

620 H5
54 629

Reconciliation of Consortium Provided EAC 55% in \$07 \$'s (\$000)

CONFIDENTIAL INFORMATION - Prepared Subject to Attorney client and work product privileges

Schedule Basis	8/14 Consortium EAC-As Delivered	8/14 Consortium EAC-As Delivered	8/14 Consortium EAC-As Delivered	NND EAC Build-up (Based on 1.55 PF .97 Indirect/Direct .60 FNM/Direct)
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EAC Entitled	\$ 71,899	\$ 71,899	\$ 71,899	\$ 71,899
Total EAC Portion of the EPC Filing	\$ 593,251	\$ 514,247	\$ 514,247	\$ 954,592
CO - Shield Buildings Expediting (Firm) - \$ 22M	\$ 12,100	\$ 12,100	\$ 12,100	\$ 12,100
CO - Misc (Target, T&M, Firm) Variation, Phase Maint, Surveys, SDS	\$ 3,363	\$ 3,363	\$ 3,363	\$ 3,363
Total EPC Filing Request (Target, T&M, Firm)	\$ 608,724	\$ 529,710	\$ 529,710	\$ 970,055

Currently, Owner is only withholding NonLabor costs directly attributable to the module delay is readily identifiable. See "Potential Steps to Influence Control of Target Price by the Contractor" document for project team recommendation.

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Potential Target Cost (Remaining as of February, 2015)										Current Year Dollars based on Man-Hours and Current Labor Costs Unless Otherwise Noted																
Revision 1.0 Prepared by KJB/WMC/KRK February 24, 2015																										
Craft Labor Cost																										
Direct Craft Labor		13,106,633	Direct Target MH (Budget)																	100% \$'s						
		1.55	Performance Factor (Current ITD PF, Recent PF's Closer to 2.0)																							
		20,315,281	Direct Target MH (Actual)		\$	33.00	/MH	\$	670,404,278																	
Indirect Craft Labor		0.97	Indirect /Direct Ratio (Keep Current # of Ind. w/ increase of Direct to 1500 in 18 months, down from 1.34)																							
		19,705,823	Indirect Target MH (Actual)		\$	30.00	/MH	\$	591,174,681	Portion is Delay Cost																
Total Craft Labor Hours		40,021,104	MH																							
Craft Labor Perdiem		70% Craft On Perdiem																								
		\$	9.80	/Hr																\$	274,544,773	Portion is Delay Cost				
Small Tools/Consumables/PPE Mark-up for Craft		6% of Total Labor Cost																		\$	75,694,738					
How Many Craft Required?																										
Months Remaining for Unit 2 (2/15 - 6/18) (40%)		40	220 MH/Mth		16,008,442	MH	1819		FTE Required to Complete																	
Months Remaining for Unit 3 (2/15 - 6/19) (60%)		52	220		24,012,662	MH	2099		FTE Required to Complete																	
							3918		FTE Required to Complete																	
I FNM Labor																										
FNM Proj.Ratio FNM Hour to 1 Direct Craft Hour		0.60	12,189,169 MH		Wage	\$	46.97	/MH	\$	572,510,577	Portion is Delay Cost															
					Mark-up		0.7	\$		400,757,404	Portion is Delay Cost															
Months Remaining in Project		52	220 MH/Mth				1065		FTE Required to Complete																	
PPE Mark Up for FNM		1% of FNM Cost																		\$	5,725,106					
II Misc. Target Expenses																										
Months Remaining in Project		52	Months		\$	2,500,000	/Mth	\$		130,000,000	Portion is Delay Cost															
V Target Sub-Contracts																										
Direct SubContracts (Assume 100% of EAC Value)																				\$	357,000,000					
Indirect Subcontracts (Assume 25% of EAC Value)																				\$	14,500,000					
Target Total (CB&I "Cost" Only)																				\$	3,092,311,556					
G&A		3.09%																			\$	95,552,427				
Sub-Total																				\$	3,187,863,983					
Minimum Profit																				\$	24,018,000					
CB&I Total Target Price To Go																				\$	3,211,881,983					
CB&I Target Spent To Date (Actual)																				\$	932,000,000					
Total Target Price (Simulation)																				\$	4,143,881,983					
CO #16 Target Price (Base) Escalated to Current Year Dollars																				\$	2,201,980,800					
CB&I Projected Increase Above CO #16 Cost																				\$	1,941,901,183	100% \$'s				
Westinghouse Projected Cost Increase:		(Revision 1.0 ; 2/24/2015)				2007\$'s				100% \$'s																
Containment Vessel Delay Impacts						As Proposed in August EAC		\$	61,250,000	\$		73,500,000	Portion is Delay Cost													
Containment Vessel Revised Scope Impacts (Design Finalization Changes)						As Proposed in August EAC		\$	25,000,000	\$		30,000,000														
Westinghouse G&A						Cost X 4.35%																	\$	4,502,250		
Total Westinghouse Target Increase																				\$	108,002,250					
Total Target Price Increase from CO 16 Base																				\$	2,049,903,433					
SCANA Share Current Year Dollars																										
		(Revision 1.0 ; 2/24/2015) was 100%				Target Adder		\$	1,127,446,888	55% \$'s																
						T&M EAC Adder(CB&I and WEC)		\$	83,590,320																	
						EPC Target and T&M Addition		\$	1,211,037,208																	
		Delay Costs Disputable (25% of CB&I & 100% of WEC)		\$		565,746,859	100%																			
		Net Paid (90% of Disputed)		\$		509,172,173	100%																			
		Retained Portion of Disputed		\$		56,574,686	100%																			
		SCE&G Share of Retained Portion		\$		31,116,077	55%																			

February 2015 PSC Update Filing		
SCE&G Costs (07\$'s, \$000)		
EPC Change Orders	\$	54,629
Target & T&M EAC Increase-Entitled	\$	71,899
Target EAC Increase-UnEntitled Delay Costs Net 10% of Disputed amounts, where applicable	\$	233,371
Target & T&M EAC Increase-UnEntitled Productivity and Overhead Costs.	\$	677,998
Liquidated Damages	\$	(85,525)
Total EPC Target and T&M Increase Request	\$	952,372

(Revision 1.0 ; 2/24/2015) added note

NOTE: This is an estimate of the Target and T&M Cost increase only, it does not include projected Firm Price increases associated with expediting of the Shield Building Panels at NNI.

Copy of Combined Estimate Template - August 2014 Rev 1 - 09-19-14 (3).xlsx

2/24/2015 4:07 PM

2/24/2015
 2:00 pm

Potential Target Cost (Remaining as of February, 2015)			Curent Year Dollars based on Man-Hours and Current Labor Costs Unless Otherwise Noted					
Revision 1.0 Prepared by KJB/WMC/KRK February 24, 2015								
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	1.55	Performance Factor (Current ITD PF, Recent PF's Closer to 2.0)						
	20,315,281	Direct Target MH (Actual)		\$	33.00 /MH	\$	670,404,278	
Indirect Craft Labor	0.97	Indirect /Direct Ratio (Keep Current # of Ind. w/ increase of Direct to 1500 in 18 months, down from 1.34)						
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Craft Labor Perdiem	70% Craft On Perdiem							
	\$ 9.80 /Hr					\$	274,544,773	Portion is Delay Cost
Small Tools/Consumables/PPE Mark-up for Craft	6% of Total Labor Cost					\$	75,694,738	
How Many Craft Required?								
Months Remaining for Unit 2 (2/15 - 6/18) (40%)	40	220 MH/Mth	16,008,442	MH		1819	FTE Required to Complete	
Months Remaining for Unit 3 (2/15 - 6/19) (60%)	52	220	24,012,662	MH		2099	FTE Required to Complete	
						3918	FTE Required to Complete	
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FNM Proj.Ratio FNM Hour to 1 Direct Craft Hour	0.60	12,189,169	MH	Wage	\$ 46.97 /MH	\$	572,510,577	Portion is Delay Cost
				Mark-up	0.7	\$	400,757,404	Portion is Delay Cost
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PPE Mark Up for FNM	1% of FNM Cost					\$	5,725,106	
II Misc. Target Expenses								
Months Remaining in Project	52	Months	\$ 2,500,000	/Mth		\$	130,000,000	Portion is Delay Cost
V Target Sub-Contracts								
Direct SubContracts (Assume 100% of EAC Value)						\$	357,000,000	
Indirect Subcontracts (Assume 25% of EAC Value)						\$	14,500,000	
Target Total (CB&I "Cost" Only)						\$	3,092,311,556	
G&A	3.09%					\$	95,552,427	
Sub-Total						\$	3,187,863,983	
Minimum Profit						\$	24,018,000	
CB&I Total Target Price To Go						\$	3,211,881,983	
CB&I Target Spent To Date (Actual)						\$	932,000,000	
Total Target Price (Simulation)						\$	4,143,881,983	
CO #16 Target Price (Base) Escalated to Current Year Dollars						\$	2,201,980,800	
CB&I Projected Increase Above CO #16 Cost						\$	1,941,901,183	100% \$'s
V Westinghouse Projected Cost Increase:	(Revision 1.0 ; 2/24/2015)			2007\$'s				100% \$'s
Containment Vessel Delay Impacts		As Proposed in August EAC	\$ 61,250,000		\$	73,500,000	Portion is Delay Cost	
Containment Vessel Revised Scope Impacts (Design Finalization Changes)		As Proposed in August EAC	\$ 25,000,000		\$	30,000,000		
Westinghouse G&A		Cost X 4.35%			\$	4,502,250		
Total Westinghouse Target Increase					\$	108,002,250		
Total Target Price Increase from CO 16 Base					\$	2,049,903,433		
SCANA Share Current Year Dollars								
	(Revision 1.0 ; 2/24/2015) was 100%							
		Target Adder	\$ 1,127,446,888				55% \$'s	
		T&M EAC Adder(CB&I and WEC)	\$ 83,590,320					
		EPC Target and T&M Addition	\$ 1,211,037,208					
		Delay Costs Disputable (25% of CB&I & 100% of WEC)	\$ 565,746,859				100%	
		Net Paid (90% of Disputed)	\$ 509,172,173				100%	
		Retained Portion of Disputed	\$ 56,574,686				100%	
		SCE&G Share of Retained Portion	\$ 31,116,077				55%	

February 2015 PSC Update Filing	
SCE&G Costs (07\$'s, \$000)	
EPC Change Orders	\$ 54,629
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Target EAC Increase-UnEntitled Delay Costs Net 10% of Disputed amounts, where applicable	\$ 233,371
Target & T&M EAC Increase-UnEntitled Productivity and Overhead Costs.	\$ 677,998
Liquidated Damages	\$ (85,525)
Total EPC Target and T&M Increase Request	\$ 952,372

(Revision 1.0 ; 2/24/2015) added note

NOTE: This is an estimate of the Target and T&M Cost increase only, it does not include projected Firm Price increases associated with expediting of the Shield Building Panels at NNI. ~ \$ 22M

2

Perhaps Worse Case Scenario

2014 \$'s																		
EPC Contract target incentive & minimum profit concept																		
Topic / Description	2007 \$'s	Self Performed EPC Contract Based on 6/6/14 Input	WEC / CB&I Svcs. CV Contract (WITH CAP)	Self Performed EPC Contract Basis	Current SB Proposal (NO CAP)	Owner Terms w/ Cap @ 12.56% Over Estimate	Owner Terms w/ EPC Target Concept	Self Performed EPC Contract Basis W/ 2 X Manhours	Current SB Proposal W/ 2X Manhours (NO CAP)	Owner Terms w/ EPC Target Concept W/ 2X Manhours								
Subcontract Profit (%)		N/A	17.50%	N/A	16.00%	8.00%	10.00%	N/A	16.00%									
Wage (\$/Hr for Welder @ 50hr/wk)	\$	24.25	\$	\$	\$	\$	28.64	\$	\$	\$								
Benefit Markup (Avg. \$)	\$	1.21	\$	\$	\$	\$	22.66	\$	\$	\$								
*Overhead \$/MH	\$	-	\$	\$	\$	\$	7.50	\$	\$	\$								
**Small Tools & PPE (\$/MH)	\$	1.78	\$	\$	\$	\$	4.50	\$	\$	\$								
Subsistence (\$/Hr)	\$	7.00	\$	\$	\$	\$	9.38	\$	\$	\$								
Payroll Taxes (%)		13.95%	18.75%	13.95%	9.85%	9.85%	80.00	13.95%	9.85%	9.85%								
Total Wage Cost / MH	\$	37.80	\$	\$	\$	\$	95.38	\$	\$	\$								
***Home Office (Total \$'s)	\$	-	\$	\$	\$	\$	3,000,000	\$	\$	\$								
Manhours (Direct Craft)		737,000	316,000	737,000	411,000	411,000	411,000	1,474,000	822,000	822,000								
Direct Craft Cost		27,856,311		32,330,255	39,200,715	32,282,796	32,880,625	64,660,510	78,401,431	65,761,251								
Manhours (In-direct)		375,000	160,000	375,000	111,400	111,400	111,400	750,000	222,800	222,800								
Indirect Rate /MH		55.80		64.77	118.51	110.34	112.38	64.77	118.51	112.38								
In-direct Cost	\$	20,925,000		24,288,750	13,202,014	12,291,530	12,519,151	48,577,500	26,404,028	25,038,302								
Total Cost Estimate (CB&I Power Cost)	\$	48,781,311		56,619,005	55,402,729	44,574,326	45,399,777	113,238,010	107,805,459	90,799,553								
Scope (?)																		
CO 16 Settlement for Reference	\$	48,800,000	N/A	\$	N/A	N/A	N/A	\$	N/A	N/A								
Calculation of Established Target Price		No Cap	12.56% over Target	No Cap	No Cap	12.56% Over Estimated Cost	Target of \$46,790,073 w/ cap at cap of \$90,828,335. Below Target, CBIS gets 60% of savings between Target and Cap 40% reimbursement to CBIS, above Cap -\$0	SB Wall Panels Only, Up to Tension Ring	No Cap	Limited Scope, Rig, fit, and weld SB panels. Does not include air inlets, tension ring, roof, or PCS tank OR CBIP In-direct								
Incentive		Target w/ 80% of savings or min. profit overage	Target of \$84,128,335 w/ cap at \$90,828,335. Below Target, CBIS gets 60% of savings between Target and Cap 40% reimbursement to CBIS, above Cap -\$0	Target w/ 80% of savings or min. profit overage	Target w/ 80% of savings or min. profit overage	Target and cap 40% reimbursement to CBIS, above cap -\$0.	Target of \$46,790,073 w/ cap at \$52,666,906. Below target, CBIS gets 60% of savings, between Target and cap 40% reimbursement to CBIS, above cap -\$0.	SB Wall Panels Only, Up to Tension Ring	No Cap	Limited Scope, Rig, fit, and weld SB panels. Does not include air inlets, tension ring, roof, or PCS tank OR CBIP In-direct								
****Sub-contract Cost (Total \$'s)		N/A	N/A	N/A	\$	\$	49,961,546.14	N/A	\$	12.56% Over Estimated Cost								
Additional Cost for SB Erection		0	N/A	0	\$	\$	238,300	0	\$	\$43,324,142 + Contingency \$5,441,512 + Profit \$4,876,565 = CB&I Services - SB Established Target Price (ETP) of \$53,642,219. Below ETP, CBIS gets 80% of savings, above the ETP, CB&I Services goes to Minimum Profit [30% of Base Target Price Profit Dollars], compensated per the process as defined in Exhibit H of the EPC Contract.								
Remaining CBIP In-direct MH					\$	\$	64.77		\$									
CBIP In-direct cost /MH					\$	\$	15,434,691		\$									
Total CBIP In House Cost					\$	\$	65,396,237		\$									
Total SB Erection Cost to CBIP	\$	48,781,311		\$	\$	\$	60,009,017	\$	\$									
Consortium G&A (CB&I Power)		3.09%	WEC Rate 7.75%	3.09%	3.09%	3.09%	3.09%	3.09%	3.09%	80% of savings, above the ETP, CB&I Services goes to Minimum Profit [30% of Base Target Price Profit Dollars], compensated per the process as defined in Exhibit H of the EPC Contract.								
****Consortium Profit (CB&I Power)		4.562%		4.562%	4.562%	4.562%	4.562%	4.562%	4.562%									
Minimum Cost to Owner (2 Units, Total \$'s)	\$	52,582,822	N/A	\$	\$	\$	70,492,544	\$	\$	12.56% Over Estimated Cost								
With Additional CBIS Direct Craft MH					\$	\$	178,191		\$									
CBIS Direct Craft MH Cost / MH					\$	\$	31.42		\$									
Additional Direct Craft Cost					\$	\$	5,598,535		\$									
Expected Cost to Owner w/ CBIP Mark-ups at CBIP Est. Craft MH					\$	\$	91,691,275	\$	\$									
					\$	\$	70,770,327	\$	\$									
					\$	\$	218,281,343	\$	\$									
					\$	\$	122,062,509	\$	\$									
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					\$	\$	218,281,343	\$	\$									
					\$	\$	218,281,343	\$										

* Overhead for CBIS on WEC Contract is \$7.50 / MH over 7,500 MH

** Small Tools in EPC based on 6% Craft Labor Mark Up, PPE is 1% Mark Up

*** All Home Office MH should be Firm Price Scope, \$3,000,000 excluded from Owner's Options

**** Subcontract Total Cost based on projected manhours indicated (411,000 Craft + 111,400 FNM)

*****Consortium Profit of 4.562 % is based on not exceeding the ETP

V.C. Summer Units 2 & 3 EPC/132177 & 132178

Reporting Period: January 2015

Target Construction Productivity (Direct Hire Labor)

A	B	C	D	E	F	G	H	I	J
	Target Work Hours	ITD Actual Hours	ITD Earned Hours	% Complete	To Date PF	Period Actual Hours	Period Earned Hours	Period PF	(H/I)
Direct Construction Crafts									
Site Prep	671,390	540,457	527,351	78.5%	1.02	2,523	1,472	1.71	
Site Improvements	298,986	213,941	218,037	72.9%	0.98	4,714	1,819	2.59	
U/G Electric	148,475	84,531	78,424	52.8%	1.08	763	142	5.37	
U/G Valves	3,493	1,958	1,969	56.4%	0.99	0	0	0.00	
U/G Pipe	138,564	102,395	61,183	44.2%	1.67	1,178	279	4.22	
Concrete	4,075,545	1,893,113	1,009,383	24.8%	1.88	64,232	28,006	2.29	
Special Concrete and Coatings	37,390	30,108	14,996	40.1%	2.01	1,236	907	1.36	
Structural Steel	1,009,301	220,471	130,088	12.9%	1.69	15,765	3,668	4.30	
Buildings	116,107	215	67	0.1%	3.21	54	0	0.00	
A/G Electric	3,874,879	44,149	25,386	0.7%	1.74	1,577	558	2.83	
Instrumentation	459,137	977	454	0.1%	2.15	0	0	0.00	
A/G Valves	5,457	534	885	16.2%	0.60	0	0	0.00	
A/G Pipe	1,319,443	72,505	41,339	3.1%	1.75	4,086	958	4.27	
Pipe Welding/Hydro/Supports	2,364,291	120,367	69,206	2.9%	1.74	3,930	1,149	3.42	
Major Equipment	682,743	240,151	151,147	22.1%	1.59	4,939	1,402	3.52	
AP1000 Structural Modules	200,320	44,236	7,799	3.9%	5.67	6,663	0	0.00	
AP1000 Mechanical Equipment	13,263	12,827	2,570	19.4%	4.99	894	751	1.19	
AP1000 Piping Modules- Contai	14,254	0	0	0.0%	0.00	0	0	0.00	
AP1000 Piping Modules - Auxilia	2,560	287	0	0.0%	0.00	284	0	0.00	
Miscellaneous	12,762	1,832	1,443	11.3%	1.27	154	105	1.47	
Total	15,448,360	3,625,054	2,341,727	15.2%	1.55	112,992	41,216	2.74	

* Miscellaneous includes: Demolition, Liner, Insulation, Ductwork, Startup & Commissioning

Ken's Analysis:									
To Go Manhours	13,106,633	84.84%							
Direct FTE Expended	565								
Direct FTE Earned	206								
Average Craft Manpower on Site	1,715								
Indirect Craft M-H (from Invoice)	150,000								
Indirect FTE	750								

50,000 indirect
+ 5,938,101.40 target costs
+ G+A Profit

Months to Complete @ Jan Rate
318 Months
26.5 YEARS

7/17/2014
Lynch, Depew
Hollenback,
Soren, Sup,
Morrison

Earned Value System Like CV

Shield Building Sub-Contract Analysis

CBI Update (escalated)	CBI Update
2014 \$'s	

Topic / Description	WEC / CB&I Svcs. CV Contract	Current SB Proposal
Subcontract Markup (%)	17.50%	16.00%
Wage (\$/Hr for Welder @ 50hr/wk)	\$31.43	\$31.43
Benefit Markup (Avg. \$)	\$22.66	\$22.66
Overhead \$/MH	\$7.50 (note A)	\$7.50
\$/MH		
Small Tools & PPE (estimate)	\$ 5.09 (note C)	\$ 5.32 (note B)
Subsistence (\$/Hr)	\$9.38	\$9.38
Payroll Taxes (%)	18.75%	
Consumables & PPE (note D)	For T&M work, consumables and PPE are reimbursable	9.85%
PVE (erection drawings)	included in base contract	billed T&M by CBIS
CWT (welding technology)	included in base contract	\$1,443,000
CCT (construction technology)	included in base contract	\$767,000
Manhours (Craft)	316,000	\$790,000
Manhours (Non-manual)	160,000	411,000
Scope (?)	N/A. Containment Vessel for Comparison	111,400
CO 16 Settlement (2007 \$'s)	N/A	Limited Scope. Reg. fee, and weld
Cap	12.56% over Target	SS panel. Does not include air
Incentive	Target of \$84,126,335 w/ cap at \$90,028,335. Below Target, CBIS gets 60% of savings, between Target and Cap 40%.	instruct. function req. rest. or PCS task
Sub-contract Cost (Total \$'s)	No Cap	No Incentives to complete on budget.
Additional Cost for SB Erection		
Remaining Self Performed MH (note E)		
Avg CBIP Cost/MH (note F)	N/A	\$56,000,000
Total CBIP Cost		25,000
Total SB Erection Cost		\$32
Consortium G&A (CB&I Power)		\$724,500
Consortium Profit (CB&I Power) (note G)		\$56,724,500
Cost to Owner (2 Units, Total \$'s)	WEC Rate 7.75%	3.09%
		0.00%
		\$58,477,287

(A) Overhead for CBIS on WEC Contract is \$7.50 / MH over 7,500 MH for the T&M changes. Overhead for CBIS on WEC Contract is \$7.50 / MH for all base scope hours.
(B) Small Tools reduced from \$9.00/HR to \$5.32/HR. Consumables and PPE are not included in \$5.32/HR. Consumables and PPE to be invoiced to client separately, but still on Target Price contract. \$5.32 rate to remain fixed thru 2017. Consumables & PPE billable @ cost plus basis.
(C) CV contract includes escalation clause. Current rate based on escalation clause is \$5.09/HR
(D) For the Shield Wall erection work, consumables, including PPE, will be invoiced separately and subject to markup per the terms of the subcontract. For CBI Power, the EPC agreement addresses the consumables and PPE in markups.
(E) There will be limited CB&I Power Indirect Craft Labor support for CB&I Services Scope. Tasks such as Orientation, Training, Safety Meetings, Clean-up, Fire / Hole Watch, etc. are included in the CB&I Services base hours.
(F) The \$32/HR rate is conservative. CBIP is currently running < \$29.00 for indirect craft labor.
(G) CBI Power has agreed to remove profit for this scope of work.

Self perform would be field engineering (was planned as I Services) would be billable

→ training, foreman, tool room attendant

per Lynch

- Long lead weld equipment
- some schedule sensitivity
- selected pre-bid affiliate competence
- can't cap b/c so many independent perhaps down the road ramp

← CB&I Power Support

149 / 240
7 point when scope might be able to make more certainty

CONFIDENTIAL INFORMATION

Per Ken: to be followed w/ execution by 7/25/2014. (7/25/2014)

2/25/2015

CONFIDENTIAL

2015 Proposed NND PSC Update Filing - Owner's Cost
February 24, 2015
(100% \$'s) (\$000)

Approved PSC Budget - 2007 \$'s \$ 1,004,122

Approved PSC Budget - Current Year \$'s \$ 1,055,891

Variance Summary

NonLabor

COD Delay - Insurance	65,581
COD Delay - IST	15,672
COD Delay - Facilities	13,410
COD Delay - Other	107,120
IST	7,957
Facilities	2,392
NRC	15,993
CC687 Added Contractors	3,285
APOG	4,075
Maint Equip	3,148
PRA	3,802
12-14 Underspend	(34,598)
Misc	60,665
Total NonLabor	268,504

Labor

COD Delay	252,703
Merit	9,048
Increased Headcount - Staffing Study	12,895
Increased Headcount - Training	2,115
Increased Headcount - Cyber Sec, Others	247
SPC	(2,843)
Bonus	10,101
Training Labor Increases	-
Ops Labor Increases	-
12-14 Underspend	(33,357)
Misc	38,154
Total Labor	289,062

Proposed PSC Budget - Current Year \$'s

Proposed PSC Budget - 2007 \$'s

Increase 100%

Increase 55%

\$ 1,613,457	\$ 1,466,187
557,566	462,065
	245,096

WICKER, SHERI L

From: BROWNE, KENNETH JEROME
Sent: Wednesday, January 14, 2015 11:40 AM
To: ARCHIE, JEFFREY B
Cc: JONES, RONALD A; SMITH, ABNEY A JR; WALKER, CARLETTE L; CHERRY, WILLIAM;
KOCHEMS, KEVIN R; WICKER, SHERI L
Subject: Proposal for Target Price Incentives for Labor and Shield Building Subcontract
Attachments: Potential Steps to Influence Control of Target Price by the Contractor.docx

Jeff, I prepared the attached summary based on our discussion yesterday. I have included some background along with the concepts for Target Price invoice retention for the Craft and FNM labor and Shield Building subcontract. Please review this and let me know if this meets your expectations for what we would discuss tomorrow with the Consortium.

Thanks, Ken

Ken Browne, P.E.
Senior Engineer
Business and Financial Services
New Nuclear Deployment, SCE&G
(803)941-9817

Potential Steps to Influence Control of Target Price by the Contractor

1. Target Price Labor

Background:

- Labor (Direct Craft/Indirect Craft/Field Non-manual) makes up over 60% of Target Cost
- Greatest risk exposure for Target Price increase
- EAC provided by Consortium in August 2014, based on assumptions/goals by the Consortium for headcount and Direct Craft performance (PF)
- At the time of the presentation, it was clear to the Owner that the Consortium was making a commitment to these goals and the Consortium indicated that steps were taken with the expectation of meeting goals within six (6) months
- Project staffing levels and Direct Craft performance, to date, have not met expectations
- Meeting the proposed goals would lead to an actual Target Price corresponding to the EAC
- Continued failure to meet expectations will result in gross over-runs of the EAC Target Price

Proposed Incentives to Influence Consortium to Meet Committed Performance:

NOTE: The Target Labor incentives must be considered as a combined package and can't be partially implemented due to the opportunity to improve one category at the expense of another.

- Retention by Owner of a portion of billed cost, to be released upon project completion within the bounds of a mutually agreed upon Project Schedule and Target Price Budget
- For Direct Craft Labor, based on PF of 1.15 as indicated in the August 29, 2014 EAC presentation...
 - Establish a graduated series of intermediate PF goals, leading to Target PF of 1.15 within 12 months
 - Direct Craft Labor Payment = Direct Craft Labor Invoice X (PF Goal/Actual PF)
- For Indirect Craft Labor, based on Indirect Craft Labor / Direct Craft Labor ratio of .39 as indicated in the August 29, 2014 EAC presentation...
 - Establish a graduated series of intermediate Indirect / Direct goals, leading to Target ratio of .39 within 12 months
 - Indirect Craft labor Payment = Indirect Craft Invoice X (goal ratio / actual ratio)
- For FNM Labor, based on a FNM Labor / Direct Craft Labor ratio of .53 as indicated in the August 29, 2014 EAC presentation...
 - Establish a graduated series of intermediate FNM/Direct Craft Labor goals, leading to Target ratio of .53 within 12 months
 - FNM Labor Payment = FNM Labor Invoice X (goal ratio / actual ratio)

2. Shield Building Subcontract Performance:

Background:

- Consortium awarded subcontract to an affiliated party without substantial justification for the sole source award and assurance to the Owner that the subcontract reflects terms no less favorable than would be available from a person who is not an affiliate
- Subcontract issued on a T&M price basis with profit level well beyond the EPC profit and provides a method for Consortium to subvert Target Price incentives contained within the EPC Agreement

Proposed Incentives to Influence Consortium to Meet Target Price Expectations and Partially Restore Target Price Incentives:

- Retention by Owner of a portion of billed cost, to be released upon project completion within the bounds of a mutually agreed upon Project Schedule and Target Price Budget
- Owner agrees to reimburse Consortium in full for actual subcontract Target Price invoices up to the base subcontract scope of 411,000 Craft Labor hours plus 46,100 Field Non Labor Hours and 65,300 Onsite Project Management hours as indicated in the subcontract data provided for justification of the award
- For all Target Price invoices above the base subcontract award hours, the Owner will retain Subcontractor markups and profit, reimbursing only for actual Subcontractor cost, to be released as described above

2015 Nuclear Update Filing
BRIEFING PAPER
 (all amounts 55%/2007\$)

1. Key Dates:
 - a. Filing: February 27, 2015
 - b. Likely Date Testimony Due: Mid-May to Early-June
 - c. Likely Hearing Date: Mid-to Late-July
 - d. Order Due: August 27, 2018
2. Summary of Costs:

	w/o 90% EPC Delay	w 90% EPC Delay
Owners Costs	\$245M	\$245M
Change Orders	\$55	\$55
EAC Not Disputed	\$72	\$72
90% EPC Delay		\$233
Subtotal	\$369M	\$605M
3. Update Request: The total request represents \$605 million in 2007 dollars.
4. The Update to EPC Costs: EPC costs represent approximately 60% of the total request or \$360 million.
5. The Update to Owner's Cost: Owner's cost increases represent approximately 40% of the total request or \$245 million
6. The Components of EPC Cost Request:
 - a. The 90% EPC Delay Cost represents approximately 38% of the total request or \$233 million.
 - b. EAC Not Disputed, *i.e.*, SCE&G's assessment of the entitlement for additional labor costs identified through the design finalization process, represents 15% of the requested increase or approximately \$72 million.
 - c. Other change orders represent 9% of the increase, or \$55 million.
 - i. Site Security Layout represents 4%, or \$20 million.
 - ii. Cyber-Security Phase II represent 3%, or \$19 million.
 - iii. Shield Build Module Schedule Mitigation represents 2%, or \$12 million.
 - iv. The remaining change orders represent 1%, or \$4 million.
7. The Components of Owner's Cost Request:
 - a. Delay: Owner's cost increases attributable to the delay in the Commercial Operation Date (COD) of the project represent approximately 35% of the request or \$210 million. These are the costs of supporting the project for an additional 27 months for Unit 2 and 25 months for Unit 3.
 - b. NND Personnel: Personnel costs associated with 64 additional FTEs for the New Nuclear Development project represent approximately 1% of request or approximately \$7.5 million.
 - c. Other Categories: Other categories of Owner's costs represent approximately 5% of the request or approximately \$29 million. They include increases in software and information technology costs, AP 1000 owners group expenses, facilities costs, and NRC inspection fees.
8. Milestone Schedule Request: SCE&G will request the Commission to update the current milestone schedule to reflect the new COD dates and revised construction schedule which place a number of milestones are beyond their contingency-adjusted due dates.

2/25/2015
 Source Belton / Byron

EAC Minimum Entitlement (Inclusion in 2015 Rebaseline EPC Cost Docket)

EAC Minimum Entitlement (Inclusion in 2015 Rebaseline EPC Cost Docket)

	CB&I	WEC	Combined	T&M	Incl G&A and Profit
Consortium's EAC Estimate	\$ 2,883,122	\$ 221,581	\$ 3,104,703	\$ 429,791	
EPC Contract Value	\$ 1,834,984	\$ 100,992	\$ 1,935,976	\$ 302,748	
EAC delta	\$ 1,048,138	\$ 120,589	\$ 1,168,727	\$ 127,043	
CB&I Increase	\$ 1,048,138	-	-	\$ 34,887	
WEC Increase	-	\$ 120,589	\$ 120,589	\$ 92,156	
Site Layout Change Increase (w/ SGA & CO Profit)	\$ 12,742	-	\$ 12,742	\$ -	
Owner EAC Team-Contractually UnEntitled Costs					
CB&I Schedule Delay-Modules	\$ (208,645)	-	-	\$ (6,026) ③	
CB&I Acceleration	\$ (156,494)	-	-	\$ (4,309) ③	
CB&I Schedule Delay-Rebar	\$ (114,224)	-	-	\$ -	
WEC Schedule Delay-Modules (CV)	-	\$ (61,250)	-	\$ (11,600) ④	
WEC CVAP & FOAF Home Office Hours	-	-	-	-	
CB&I Total Contractually Unentitled Cost	\$ (489,363) ①	\$ (61,250) ②	\$ (550,613)	\$ (10,335) ⑤	
WEC Total Contractually Unentitled Cost	-	-	-	\$ (11,600) ⑤	
Owner EAC Team-Prudency Unentitled Costs					No G&A or Profit
CB&I PP Decrease to 1.15 To-Go	\$ (89,633)	-	-	\$ -	
CB&I Contingency	\$ (74,529)	-	-	\$ -	
CB&I FNM	\$ (164,187)	-	-	\$ (849) ⑤	
WEC EPC Management	-	\$ (21,000)	-	\$ -	
WEC Licensing	-	-	-	\$ (27,250) ⑥	
CB&I Total Prudency Unentitled Cost	\$ (327,349) ①	\$ (21,000) ②	\$ (348,349)	\$ (849) ⑤	
WEC Total Prudency Unentitled Cost	-	-	-	\$ (27,250) ⑥	
Total Fully Loaded CB&I Reduction	\$ (816,712) ①	-	\$ (816,712) ①	\$ (11,184) ③	no G&A or Profit
CB&I SGAs Reduction	\$ (25,236)	-	\$ (25,236)	\$ (346)	G&A
CB&I Profit Reduction	\$ (38,410)	-	\$ (38,410)	\$ (526)	Profit
Total Fully Loaded CB&I Reduction	\$ (880,358)	-	\$ (880,358)	\$ (12,056) ⑧	w/ G&A And Profit
WEC Total Reductions					
WEC SGA Reduction	-	\$ (62,250) ②	\$ (62,250) ②	\$ (36,850)	no G&A or Profit
WEC Profit Reduction	-	\$ (3,578)	\$ (3,578)	\$ (1,690)	G&A
Total Fully Loaded WEC Reduction	-	\$ (6,652)	\$ (6,652)	\$ (3,142)	Profit
Total Fully Loaded WEC Reduction	-	\$ (92,450)	\$ (92,450)	\$ (43,652) ⑧	w/ G&A And Profit
Total Fully Loaded Target Reduction In EAC	\$ (880,358)	\$ (92,480)	\$ (972,837)	\$ (55,737) ⑧	
Revised Target EAC	\$ 2,002,764	\$ 129,101	\$ 2,131,866	\$ 374,054	
Subtract CO Costs w/ G&A and Profit(SI)	\$ 12,742 ⑦	-	\$ 12,742	-	
New EAC Amount Subject to Minimum Profit	\$ 1,990,023	\$ 129,101	\$ 2,119,124	-	
Profit in this amount	\$ 86,824	\$ 9,286	\$ 96,110	-	
EPC Est. Target Price Inc. Profit	\$ 1,834,984	\$ 100,992	\$ 1,935,976	-	
EPC Current Profit	\$ 80,060	\$ 7,264	\$ 87,324	-	
EPC Minimum Profit	\$ 24,018	\$ 2,179	\$ 26,197	-	
Minimum Profit Reduction	\$ (56,042)	\$ (5,085)	\$ (61,127)	-	
Resulting EAC	\$ 1,946,722 ⑨	\$ 124,017	\$ 2,070,739	\$ 374,054	
Target + T&M Entitled EAC Increase	\$ 111,738 ⑩ less ⑪	\$ 23,025	\$ 134,763 ⑪	\$ 71,306 ⑪	
Removal of Change Orders for Filing Purposes				\$ 206,069 ⑪	
Site Layout					
In EAC	\$ 20,465	\$ 36	\$ 20,465	\$ (36,488)	
Additional	\$ 11,000	-	\$ 11,000	\$ 24,181	
Subtotal	\$ 31,465	\$ 36	\$ 31,465	\$ 1,052	
G&A	\$ 972	\$ 1	\$ 972	\$ 3,634	
Profit	\$ 4,009	\$ 5	\$ 4,009	\$ 28,866	
Total	\$ 36,447	\$ 42	\$ 36,447	\$ (36,488)	
Other Security:					
In EAC	\$ 8659	-	\$ 8,659	\$ 24,181	
G&A	\$ 268	-	\$ 268	\$ 1,052	
Profit	\$ 1,103	-	\$ 1,103	\$ 3,634	
Total	\$ 10,030	-	\$ 10,030	\$ 28,866	
EAC Delta for Filing				\$ (36,896)	
					100% \$ 130,684 55% \$ 71,876

Owner's Total Dollars Returned and Outstanding as of December 31, 2014

Westinghouse Target (includes G&A/Profit)	\$1,405,811.35	
CV Delay Charges from CBIS to WEC	\$28,710.55	
Firm Price Vendor Support	\$1,434,521.90	
CB&I Stone & Webster Target (includes G&A/Profit)		
Storage - Blythwood Warehouse Lease (Module Delay)	\$133,192.23	
Storage - Tents (does not include labor, pad or electrical costs) (Module Delay)	\$3,153,309.68	
Garney Subcontractor (resolution in CO 17)	\$970,817.72	Accrued
Firm Price Charges - labor, subcontractor, vendor rework	\$1,525,137.10	
	\$5,782,456.73	
Total Target Returns	\$7,216,978.63	
Westinghouse Firm Price Milestones		
Simulator Milestones - milestones not completed	\$16,632,714.12	
CB&I Stone & Webster Firm Price Milestones		
Replacement Milestones not approved by Owner	\$14,440,938.91	
Total Firm Price Milestone Returns	\$31,073,653.03	Moved in future cash flows
Westinghouse Progress Payments	\$17,945,150.55	
CB&I Stone & Webster Progress Payments	\$23,638,065.22	
Total Progress Payment Returns	\$41,583,215.77	Moved in future cash flows
Westinghouse Capped Escalation due to Module Delay	\$1,375,310.67	
CB&I Stone & Webster Capped Escalation due to Module Delay	\$2,144,464.53	
Total Capped Escalation Returns due to Structural Module Delay	\$3,519,775.20	
Westinghouse Returned Escalation for HW escalation calculation (CO 16)	\$2,676,447.92	
CB&I Stone & Webster Returned Escalation for HW escalation calculation (CO 16)	\$2,245,792.01	
Total Escalation Returns for HW escalation calculation (resolution in CO 16)	\$4,922,239.93	
CB&I Stone & Webster Returned T&M Startup Invoices (resolution in CO 17)	\$1,105,806.38	
Total T&M Startup Returns (resolution in CO 17)	\$1,105,806.38	Accrued
Total	\$89,421,668.94	

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Cost of Craft Labor Raises and Per Diem

January 6, 2015

100% \$'s

Cost impact of \$4.50 raise given to craft and Paying Per Diem for Saturday and Sunday
 Assumed All Direct Craft got pay increase and are receiving Per Diem
 Assumed NO Indirect Craft received a pay or Per Diem increase
 These two Assumptions probably offset each other

23,426,232 Total EAC Direct Craft Hours from (before management cuts)

3,405,355 Total Direct Craft Hours Spent Thru 11-23-14

20,020,877 Hours Remaining

\$ 90,093,947 Total Cost impact of \$4.50 Raise

400,418 Man Weeks Remaining assuming a 50 work week

\$ 56,058,456 Cost of a \$70 day for an additional 2 days per week of Per Diem

\$ 146,152,402 Total Cost of Per Diem Increase and Raises

\$ 4,516,109 G/A Impact of Above

\$ 150,668,511 Impact to Owner of Increases at 100%

\$ 82,867,681 Impact to Owner of Increases at 55%

} In addition to EAC

Topic / Description	2007 \$'s		WEC / CB&I Svcs.		2014 \$'s	
	Self Performed	EPC Contract	CV Contract (WITH CAP)	Current SB Proposal (NO CAP)	Owner Terms w/ Cap	Owner Terms w/ EPC Target Concept
Subcontract Profit (%)	N/A	N/A	17.50%	16.00%	8.00%	10.00%
Wage (\$/Hr for Welder @ 50hr/wk)	\$ 31.90	\$ 31.90	\$ 30.43	\$ 31.43	\$ 31.43	\$ 31.43
Benefit Markup (Avg. \$)	\$ 1.60	\$ 1.60	\$ 21.77	\$ 22.66	\$ 22.66	\$ 22.66
*Overhead \$/MH	\$ -	\$ -		\$ 7.50	\$ 7.50	\$ 7.50
**Small Tools & PPE (\$/MH)	\$ 2.34	\$ 2.34	\$ 4.50	\$ 9.00	\$ 4.50	\$ 4.50
Subsistence (\$/Hr)	\$ 7.00	\$ 7.00	\$ 9.38	\$ 9.38	\$ 9.38	\$ 9.38
Payroll Taxes (%)	13.95%	13.95%	18.75%	9.85%	9.85%	9.85%
***Home Office (Total \$'s)	\$ -	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -
Manhours (Craft)	801,518		316,000	411,000	411,000	411,000
Manhours (Non-manual)	?		160,000	111,400	111,400	111,400
Scope (?)	Full Scope of SB Shell; Includes from receipt inspection, thru welding and painting, FULL SHELL	Included Above Full Scope of SB Shell; Includes from receipt inspection, thru welding and painting, FULL SHELL	N/A Containment Vessel for Comparison	Limited Scope, Rig, fit, and weld SB panels. Does not include air inlets, tension ring, roof, or PCS tank.	Limited Scope, Rig, fit, and weld SB panels. Does not include air inlets, tension ring, roof, or PCS tank.	Limited Scope, Rig, fit, and weld SB panels. Does not include air inlets, tension ring, roof, or PCS tank.
CO 16 Settlement (2007 \$'s)	\$ 36,600,000	\$ 43,469,820	N/A	N/A	N/A	N/A
Calculation of Established Target Price	No Cap	No Cap	12.56% over Target	No Cap	12.56% over Target	12.56% over Estimated Project Costs
Incentive						
****Sub-contract Cost (Total \$'s)	N/A	N/A		\$ 56,000,000	\$ 49,527,179	\$ 50,444,349
Additional Cost for SB Erection					(@ Cap)	(@ Cap)
Remaining Self Performed MH	0	0	N/A	279,118	279,118	279,118
Avg CBIP Cost/MH				\$ 46	\$ 46	\$ 46
Total CBIP Cost				\$ 12,745,464	\$ 12,745,464	\$ 12,745,464
Total SB Erection Cost	\$ 36,600,000	\$ 43,469,820		\$ 68,745,464	\$ 62,277,643	\$ 63,189,813
Consortium G&A (CB&I Power)	3.09%	3.09%		3.09%	3.09%	3.09%
*****Consortium Profit (CB&I Power)	4.562%	4.562%		4.562%	4.562%	4.562%
Cost to Owner (2 Units, Total \$'s)	\$ 39,452,225	\$ 46,857,408	WEC Rate 7.75%	\$ 74,102,774	\$ 67,125,529	\$ 68,114,173
* Overhead for CBIS on WEC Contract is \$7.50 / MH over 7,500 MH						
** Small Tools in EPC based on 6% Craft Labor Mark Up, PPE is 1% Mark Up						
*** All Home Office MH should be Firm Price Scope, \$3,000,000 excluded from Owner's Options						
**** Subcontract Total Cost based on projected manhours indicated (411,000 Craft + 111,400 FNM)						
*****Consortium Profit of 4.562 % is based on not exceeding the ETP						
Owner will only be responsible for Owner Directed Changes and Owner Directed Delays						
Target Calculation:						
Wage (\$/Hr for Welder @ 50hr/wk)	\$ 31.43	\$ 31.43		\$ 31.43		
Benefit Markup (Avg. \$)	\$ 22.66	\$ 22.66		\$ 22.66		
*Overhead \$/MH	\$ 2.50	\$ 2.50		\$ 2.50		
**Small Tools & PPE (\$/MH)	\$ 4.50	\$ 4.50		\$ 4.50		
Payroll Taxes (%)	9.85%	9.85%		9.85%		
Subsistence	\$ 9.38	\$ 9.38		\$ 9.38		
Welder \$/MH	\$ 73.56	\$ 73.56		\$ 73.56		
Craft MH	411,000	411,000		411,000		
Craft Labor Cost	\$ 30,233,019	\$ 30,233,019		\$ 30,233,019		
FNM \$/MH	\$ 94.33	\$ 94.33		\$ 94.33		
FNM Hours	111,400	111,400		111,400		
FNM Cost	\$ 10,508,362	\$ 10,508,362		\$ 10,508,362		
Total Cost	\$ 40,741,381	\$ 40,741,381		\$ 40,741,381		
CBIS Profit	\$ 3,259,311	\$ 3,259,311	10%	\$ 4,074,138		
Subcontract Target Cost	\$ 44,000,692	\$ 44,000,692		\$ 44,815,520		
Cap Overage Allowance	112.56%	112.56%		112.56%		
Subcontract Cap	\$ 49,527,179	\$ 49,527,179		\$ 50,444,349		

Estimated Project Costs	40,741,381
Contingency	5,117,118
Profit	4,585,850
Total	50,444,349

Negotiation Position

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Potential Target Cost (Remaining as of February, 2015)									
Current Year Dollars based on Man-Hours and Current Labor Costs Unless Otherwise Noted									
Revision 1.0 Prepared by KJB/WMC/KRK February 24, 2015									
Craft Labor Cost									
Direct Craft Labor	13,106,633	Direct Target MH (Budget)							100% \$'s
	1.55	Performance Factor (Current ITD PF, Recent PF's Closer to 2.0)							
	20,315,281	Direct Target MH (Actual)		\$	33.00 /MH	\$	670,404,278		
Indirect Craft Labor	0.97	Indirect /Direct Ratio (Keep Current # of Ind. w/ increase of Direct to 1500 in 18 months, down from 1.34)							
	19,705,823	Indirect Target MH (Actual)		\$	30.00 /MH	\$	591,174,681	Portion is Delay Cost	
Total Craft Labor Hours		40,021,104 MH							
Craft Labor Perdiem									
70% Craft On Perdiem									
	\$	9.80 /Hr				\$	274,544,773	Portion is Delay Cost	
Small Tools/Consumables/PPE Mark-up for Craft		6% of Total Labor Cost				\$	75,694,738		
How Many Craft Required?									
Months Remaining for Unit 2 (2/15 - 6/18) (40%)	40	220 MH/Mth	16,008,442 MH	1819	FTE Required to Complete				
Months Remaining for Unit 3 (2/15 - 6/19) (60%)	52	220	24,012,662 MH	2099	FTE Required to Complete				
				3918	FTE Required to Complete				
I FNM Labor									
FNM Proj.Ratio FNM Hour to 1 Direct Craft Hour	0.60	12,189,169 MH	Wage	\$	46.97 /MH	\$	572,510,577	Portion is Delay Cost	
			Mark-up		0.7	\$	400,757,404	Portion is Delay Cost	
Months Remaining in Project	52	220 MH/Mth		1065	FTE Required to Complete				
PPE Mark Up for FNM		1% of FNM Cost				\$	5,725,106		
II Misc. Target Expenses									
Months Remaining in Project	52 Months		\$	2,500,000 /Mth		\$	130,000,000	Portion is Delay Cost	
V Target Sub-Contracts									
Direct SubContracts (Assume 100% of EAC Value)						\$	357,000,000		
Indirect Subcontracts (Assume 25% of EAC Value)						\$	14,500,000		
Target Total (CB&I "Cost" Only)									
G&A	3.09%					\$	3,092,311,556		
Sub-Total						\$	95,552,427		
Minimum Profit						\$	3,187,863,983		
CB&I Total Target Price To Go						\$	24,018,000		
						\$	3,211,881,983		
CB&I Target Spent To Date (Actual)						\$	932,000,000		
Total Target Price (Simulation)						\$	4,143,881,983		
CO #16 Target Price (Base) Escalated to Current Year Dollars						\$	2,201,980,800		
CB&I Projected Increase Above CO #16 Cost						\$	1,941,901,183		100% \$'s
Westinghouse Projected Cost Increase:		(Revision 1.0 ; 2/24/2015)		2007\$'s				100% \$'s	
Containment Vessel Delay Impacts			As Proposed in August EAC	\$	61,250,000	\$	73,500,000	Portion is Delay Cost	
Containment Vessel Revised Scope Impacts (Design Finalization Changes)			As Proposed in August EAC	\$	25,000,000	\$	30,000,000		
Westinghouse G&A			Cost X 4.35%			\$	4,502,250		
Total Westinghouse Target Increase						\$	108,002,250		
Total Target Price Increase from CO 16 Base						\$	2,049,903,433		
SCANA Share Current Year Dollars									
		(Revision 1.0 ; 2/24/2015) was 100%	Target Adder	\$	1,127,446,888			55% \$'s	
			T&M EAC Adder(CB&I and WEC)	\$	83,590,320				
			EPC Target and T&M Addition	\$	1,211,037,208				
						\$	565,746,859	100%	
						\$	509,172,173	100%	
						\$	56,574,686	100%	
						\$	31,116,077	55%	

February 2015 PSC Update Filing		
SCE&G Costs (07\$'s, \$000)		
EPC Change Orders	\$	54,629
Target & T&M EAC Increase-Entitled	\$	71,899
Target EAC Increase-UnEntitled Delay Costs Net 10% of Disputed amounts, where applicable	\$	233,371
Target & T&M EAC Increase-UnEntitled Productivity and Overhead Costs.	\$	677,998
Liquidated Damages	\$	(85,525)
Total EPC Target and T&M Increase Request	\$	952,372

(Revision 1.0 ; 2/24/2015) added note

NOTE: This is an estimate of the Target and T&M Cost increase only, it does not include projected Firm Price increases associated with expediting of the Shield Building Panels at NNI.

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